



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-3000

OFFICE OF HEALTHY HOMES AND
LEAD HAZARD CONTROL

POLICY GUIDANCE NUMBER: 2013-07		DATE: October 1, 2013
SUBJECT:	Income Verification Guidance	
STATUS:	Current	
APPLICABILITY:	The Office of Healthy Homes and Lead Hazard Control Lead-Based Paint Hazard Control (LHC) and Lead Hazard Reduction Demonstration (LHRD) grantees	
RELATED GUIDANCES:	PGI 2009-01	
COMMENTS:	This policy guidance is being simplified to reflect the creation of a separate Policy Guidance related to occupancy requirements for eligibility. This guidance replaces PGI 2009-01.	

The overarching purpose of the Residential Lead-Based Paint Hazard Reduction Act of 1992 (“Title X”) is to protect children from the dangers of lead-based paint hazards. Title X requires that certain percentages of low-income families reside in homes enrolled in lead hazard control grant programs. (Title X is available at www.hud.gov/offices/lead). It is therefore necessary to verify the income of these families.

We recognize the difficulty in trying to comply with the income requirements of Title X. As a result, OHHLHC is issuing this policy guidance, superseding PGI 2009-01, to assist you in making sound decisions when assessing the income eligibility of applicants for program assistance. The changes from the previous PGI 2009-01 include:

- Removal of Occupancy Requirements for Eligibility
- Simplification of language for identifying whose income to count in determining income eligibility

Defining Income

As set forth in the previous guidance, a grantee still has the flexibility to choose among the following three definitions of “annual income” when calculating income for the grant program. The term “annual income” is used to refer to annual (gross) income using one of the following definitions of “annual income” when calculating income and allowances for grant program assistance:

- Annual income as defined in 24 CFR 5.609, referred to as “Part 5 annual income”;
- Annual income as reported under the Census Long Form for the most recent decennial census; and
- “Adjusted gross income” as defined for reporting purposes under the IRS Form 1040 long form (*not* IRS Forms 1040A or 1040EZ themselves that were submitted to IRS).

The Area Median Income, which is the basis for determining income limits required by

Title X, is established for your community by HUD, www.huduser.org/DATASETS/il/il09/index.html. OHHLHC follows the current HOME (HOME Investment Partnerships Program) and CDBG (Community Development Block Grant) definition of annual income, with modifications detailed below, because many grantees use OHHLHC funds in combination with these other HUD program funds.

If you have more than one type of OHHLHC lead hazard control grant, you may use more than one definition of annual income for each grant. However, you must also ensure that families in each grant program are treated equitably by using the same definition of income for all applicants within a particular grant program. You may find administering the income verification process simpler if you use one consistent definition for all your OHHLHC lead hazard control grant programs.

For example, if you choose to use the Part 5 definition of annual income for the Lead-Based Paint Hazard Control Grant, you must apply this definition to all applicants of that program. You may not use the IRS Form 1040 definition of adjusted gross income for a household that does not qualify using the Part 5 definition of annual income once you have determined to follow the Part 5 definition as a program.

If you combine one or more other sources of funding (e.g., CDBG, HOME, Rehabilitation, etc.) with lead hazard control grant program funds, you must ensure that the housing units receiving the lead hazard control grant program funds meet the income eligibility requirements applicable to the lead hazard control grant as well as the other program(s). When combining funding from different programs, the most restrictive requirements govern.

Determining Whose Income to Count

Do not count the following household members (or their associated income) when determining household size for the purpose of computing “annual income” in accordance with Area Median Income limits:

- live-in aides
- children of live-in aides
- children being pursued for legal custody or adoption who are not currently living with the household

**This list does not follow the HOME program regulations.*

A child that is subject to a shared-custody agreement in which the child resides with the household at least 50 percent of the time can be counted as a household member. Foster children in the care of families applying for assistance may be counted when determining household size. However, only those children presently in the foster care of the applicant family at the time of application may be considered.

How to Verify Income

Once you have chosen the particular definition of annual income that your program will use, you must determine how the applicant’s income is verified. You must collect source

documentation and ensure that this documentation is sufficient for HUD to monitor program compliance. Verification methods may not be altered to suit particular circumstances or applicants. The income verification methods should be included in your approved work plan. Worksheets for computing annual income are available upon request.

The following income verification document review hierarchy should be followed in all cases:

- A. Third Party (online or hard copy)
- B. Verbal Third Party (documented by the grantee)
- C. Tenant/Landlord Declaration (signed statement by tenant and/or landlord)

A. Third Party (online or hard copy)

Third-party verifications are a useful form of income verification because they provide independent verification of information. Third-party verification involves the grantee contacting an outside entity to obtain information about the income of household member(s). If you currently use a third-party verification system to determine income eligibility for other assistance programs, such as HUD's Enterprise Income Verification system, you may propose using that system in your work plan provided the income and occupancy limits set forth in Section 1011 of Title X are complied with. The form of third party verification used may be either paper-based or web-based.

B. Verbal Third Party (documented by the grantee)

Although written requests and responses are preferred, in cases where the applicant is unable or unwilling to provide information to allow for documented third party verification, you may accept verbal third party verification provided you adequately document the case file in this circumstance. Such documentation should include the contact person, information conveyed, the date of the conversation, and the reason for not having a written request and response.

C. Tenant/Landlord Declaration (signed statement by tenant and/or landlord)

In the event that the applicant is unable or unwilling to provide adequate third party documentation, and a verbal third party confirmation of income is not possible, a signed tenant or landlord declaration is permitted as a last resort. The declaration worksheet must be included in the file along with an explanation by the grantee for the inability to obtain written or verbal third party documentation. The tenant/landlord declaration worksheet you use should contain information on:

- the applicant's employer and income;
- income deductions;
- evidence of financial assistance received from other public sources;
- the number of children in the unit and their ages; and
- other information relevant to the applicant's eligibility that provides a basis for providing assistance, such as neighborhood income statistics, location of the unit within a designated revitalization zone, etc.

In addition, the applicant must attest by signature that the information provided is accurate under

penalty of law. The declaration must include the following certification by the tenant/landlord:

“I certify under penalty of law that the information contained in this declaration is true, accurate and complete to the best of my knowledge. I understand that there are significant penalties for submitting false information, including the possibility of fines and imprisonment for knowing violations.”

Timing Income Certifications

Only documentation that verifies the current rate of annual income at the time of assistance is required. The income certification process must be completed prior to receiving assistance under OHHLHC grant programs.

Only income verifications dated no earlier than 6 months before time of assistance (i.e., formal acceptance into the program) will be permitted. You are not required to re-examine a household's income, unless more than 6 months have elapsed since the household's income was certified. You may request additional documentation to support the eligibility determination at your discretion.

Responses to Policy Guidance

This policy guidance is intended to allow you flexibility when verifying income for individuals receiving assistance under OHHLHC grant programs. Should you have further comments or questions on this policy guidance, please contact your Government Technical Representative.